COMPANY UPDATE

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EV/Mobility Team

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Posco Future M (003670)

Implications of GM factory shutdown

- We forecast Posco Future M to post consensus-missing 4Q results.
- Reflecting the upcoming GM plant shutdown (scheduled for 1H), we cut our 2026 earnings forecasts for the company.
- We cut our target price for the stock to KRW230,000 but maintain our BUY rating.

WHAT'S THE STORY?

4Q preview: Posco Future M should post 4Q consolidated sales of KRW582.5b and an operating loss of KRW12.8b, the latter missing FnGuide consensus of an operating profit of KRW15b due to the energy materials division booking an operating loss of KRW30.9b on: 1) reduced cathode material shipments; and 2) the impact of applying market prices at the anode materials business. The decline in cathode material shipments is largely attributed to GM plant shutdown (scheduled for 1H), which led to a sharp drop in Ultium Cells-bound orders ahead of the closure.

Cutting 2026 earnings forecasts to reflect implications of GM plant shutdown: We forecast the company's 2026 sales and operating profit at KRW3.6t and KRW150.7b (20% lower than our previous forecast), respectively. Shipments to Ultium Cells should fall by 7,000 tonnes y-y to 11,000 tonnes due to the GM plant shutdown, but shipments to Samsung SDI (for ESS and European EV applications) should increase by 6,000 tonnes (NCA) and shipments to Hyundai Motor's Hyundai Lithium Indonesia should increase by 4,000 tonnes (NCA; thanks to increased output there). All told, the company's total cathode material shipments should remain stable at 50,000 tonnes (up 9% y-y) in 2026.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW230,000	17.3%
Current price	**KRW196,000**	
Market cap	KRW17.4t/USD11.8b	
Shares (float)	88,946,220 (36.4%)	
52-week high/low	KRW245,500/KRW97,028	
Avg daily trading value (60-day)	KRW99.1b/ USD67.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Future M (%)	-11.5	41.0	35.3
Vs Kospi (%pts)	-21.4	-4.6	-28.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	230,000	280,000	-17.9%
2025E EPS	-115	-115	0.0%
2026E EPS	651	651	0.0%

SAMSUNG vs THE STREET

No of estimates	n/a
Target price	n/a
Recommendation	n/a

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	3,700	2,964	3,575	3,978
Operating profit	1	72	151	210
Net profit (adj)	-231	-11	63	110
EPS (adj) (KRW)	-2,655	-115	651	1,134
EPS (adj) growth (% y-y)	nm	nm	nm	74.1
EBITDA margin (%)	5.0	11.4	12.5	13.1
ROE (%)	-8.0	-0.3	1.9	3.3
P/E (adj) (x)	n/a	n/a	300.9	172.8
P/B (x)	3.7	5.6	5.8	5.6
EV/EBITDA (x)	77.6	62.4	49.9	43.2
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Cutting target price to KRW230,000; maintaining BUY: We cut our target price for the stock by 18% to KRW230,000 to reflect our lowered BVPS forecast and a decline in peer group P/B multiples to 2.7x (from 3.3x, Bloomberg) amid recent market corrections. We, however, maintain our BUY rating, expecting: 1) the decline in GM-related cathode material shipments to be offset by increased shipments to Samsung SDI and Hyundai Motor; and 2) the upcoming final ruling by the US Department of Commerce on tariffs for Chinese graphite anode materials to provide a premium for the stock.

4Q forecasts

(KRWb)	4Q25E	4Q24	3Q25	Chg	
				(% y-y)	(% q-q)
Sales	582.5	723.2	874.8	-19.5	-33.4
Operating profit	-12.8	-41.3	66.7	remain neg	turned neg
Pre-tax profit	-86.6	-430.2	57.3	remain neg	turned neg
Net profit	-70.3	-275.9	46.4	remain neg	turned neg
Margins (%)					
Operating profit	-2.2	-5.7	7.6		
Pre-tax profit	-14.9	-59.5	6.5		
Net profit	-12.1	-38.2	5.3		

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	3,338.2	2,963.6	-11.2	4,631.9	3,575.3	-22.8
Operating profit	99.4	71.9	-27.6	188.6	150.7	-20.1
Pre-tax profit	14.2	-12.4	nm	104.3	70.1	-32.7
Net profit	12.0	-10.5	nm	93.9	63.1	-32.7

Source: Samsung Securities estimates

Target-price calculation

(KRW)		Note
BVPS	35,071	2027E BVPS
Target P/B (x)	6.3	130% premium to 2025E average of cell & materials peers (130% is the highest premium at which shares traded between Sep 22, 2024 and Sep 22, 2025)
Fair value per share	221,045	
Target price	**230,000**	
Current price	188,000	As of Jan 12 close
Upside (%)	22.3	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Consolidated sales	**1138.4**	**915.5**	**922.8**	**723.2**	**845.4**	**660.9**	**874.8**	**582.5**	**621.0**	**716.7**	**963.7**	**1273.9**	**3699.9**	**2963.6**	**3575.3**
Base materials	356.8	322.2	339.8	341.4	339.8	345.5	341.4	348.2	330.8	337.4	347.6	354.5	1360.1	1374.9	1370.4
Energy materials	781.7	593.3	583.0	381.9	505.6	315.5	533.4	234.2	290.2	379.3	616.1	919.4	2339.9	1588.7	2204.9
Cathode materials	732.5	548.1	562.2	354.7	494.4	352.2	598.9	206.3	263.7	344.8	567.9	851.9	2203.3	1651.8	2028.3
Anode materials	49.3	50.3	24.6	30.1	39.1	42.3	25.4	27.9	26.5	34.4	48.2	67.5	154.3	134.7	176.7
Consolidated operating profit	**37.9**	**2.7**	**1.4**	**-41.3**	**17.2**	**0.8**	**66.7**	**-12.8**	**19.8**	**29.6**	**46.1**	**55.2**	**0.7**	**71.9**	**150.7**
Base materials	12.8	1.4	17.2	6.2	14.8	26.3	19.2	18.1	13.2	16.9	19.1	17.7	37.6	78.5	66.9
Energy materials	25.1	1.3	-15.8	-47.5	2.4	-25.6	47.4	-30.9	6.6	12.8	27.0	37.5	-36.9	-6.6	83.8
Consolidated operating margin (%)	**3.3**	**0.3**	**0.1**	**-5.7**	**2.0**	**0.1**	**7.6**	**-2.2**	**3.2**	**4.1**	**4.8**	**4.3**	**0.0**	**2.4**	**4.2**
Base materials (%)	3.6	0.4	5.1	1.8	4.4	7.6	5.6	5.2	4.0	5.0	5.5	5.0	2.8	5.7	4.9
Energy materials (%)	3.2	0.2	-2.7	-12.4	0.5	-8.1	8.9	-13.2	2.3	3.4	4.4	4.1	-1.6	-0.4	3.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,760**	**3,700**	**2,964**	**3,575**	**3,978**
Cost of goods sold	4,503	3,464	2,699	3,194	3,513
Gross profit	**257**	**236**	**265**	**381**	**465**
Gross margin (%)	5.4	6.4	8.9	10.7	11.7
SG&A expenses	221	235	193	230	255
Operating profit	**36**	**1**	**72**	**151**	**210**
Operating margin (%)	0.8	0.0	2.4	4.2	5.3
Non-operating gains (losses)	**-52**	**-433**	**-84**	**-81**	**-88**
Financial profit	203	222	25	26	23
Financial costs	176	235	89	106	111
Equity-method gains (losses)	-31	-95	-15	0	0
Other	-49	-324	-5	0	0
Pre-tax profit	**-16**	**-432**	**-12**	**70**	**122**
Taxes	-21	-201	-2	7	12
Effective tax rate (%)	127.6	46.4	15.0	10.0	10.0
Profit from continuing operations	4	-231	-11	63	110
Profit from discontinued operations	0	0	0	0	0
Net profit	**4**	**-231**	**-11**	**63**	**110**
Net margin (%)	0.1	-6.3	-0.4	1.8	2.8
Net profit (controlling interests)	29	-212	-10	58	101
Net profit (non-controlling interests)	-24	-19	-1	5	9
EBITDA	173	185	338	448	522
EBITDA margin (%)	3.6	5.0	11.4	12.5	13.1
EPS (parent-based) (KRW)	359	-2,655	-115	651	1,134
EPS (consolidated) (KRW)	55	-2,893	-126	710	1,236
Adjusted EPS (KRW)*	359	-2,655	-115	651	1,134

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,412**	**2,113**	**2,107**	**2,344**	**2,399**
Cash & equivalents	390	644	737	710	592
Accounts receivable	758	469	492	593	660
Inventories	917	768	675	814	906
Other current assets	348	231	203	226	242
Fixed assets	**3,923**	**5,820**	**6,816**	**7,250**	**7,459**
Investment assets	291	200	162	193	214
Tangible assets	3,359	5,160	6,202	6,611	6,805
Intangible assets	41	45	36	30	24
Other long-term assets	232	416	416	416	416
Total assets	**6,335**	**7,932**	**8,923**	**9,594**	**9,858**
Current liabilities	**1,396**	**1,570**	**977**	**1,180**	**1,331**
Accounts payable	262	299	225	271	302
Short-term debt	352	185	235	285	335
Other current liabilities	782	1,086	517	624	694
Long-term liabilities	**2,327**	**3,042**	**4,636**	**5,041**	**5,044**
Bonds & long-term debt	2,218	2,938	4,538	4,938	4,938
Other long-term liabilities	109	104	98	103	106
Total liabilities	**3,723**	**4,612**	**5,613**	**6,221**	**6,375**
Owners of parent equity	**2,350**	**2,970**	**2,961**	**3,019**	**3,119**
Capital stock	39	39	39	39	39
Capital surplus	1,457	1,459	1,459	1,459	1,459
Retained earnings	998	761	751	809	910
Other	-144	711	711	711	711
Non-controlling interests' equity	**261**	**350**	**349**	**355**	**364**
Total equity	**2,611**	**3,321**	**3,310**	**3,373**	**3,483**
Net debt	2,716	2,989	4,106	4,582	4,751

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-445**	**671**	**160**	**255**	**352**
Net profit	4	-231	-11	63	110
Non-cash profit and expenses	272	465	332	373	400
Depreciation	129	174	258	290	306
Amortization	9	10	8	7	6
Other	135	280	66	76	89
Changes in A/L from operating activities	-616	473	-110	-105	-69
Cash flow from investments	**-1,031**	**-1,810**	**-1,295**	**-704**	**-503**
Change in tangible assets	-1,351	-2,034	-1,300	-700	-500
Change in financial assets	12	1	5	-4	-3
Other	308	223	-0	0	-0
Cash flow from financing	**1,592**	**1,375**	**1,206**	**453**	**52**
Change in debt	1,637	527	1,206	453	52
Change in equity	3	2	0	0	0
Dividends	-24	-22	0	0	0
Other	-24	868	0	0	0
Change in cash	108	255	93	-27	-119
Cash at beginning of year	281	390	644	737	710
Cash at end of year	390	644	737	710	592
Gross cash flow	**277**	**233**	**321**	**437**	**510**
Free cash flow	**-1,797**	**-1,371**	**-1,140**	**-445**	**-148**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	44.2	-22.3	-19.9	20.6	11.3
Operating profit	-78.4	-98.0	9,873.3	109.6	39.4
Net profit	-96.4	nm	nm	nm	74.1
Adjusted EPS**	-75.7	nm	nm	nm	74.1
Per-share data (KRW)					
EPS (parent-based)	359	-2,655	-115	651	1,134
EPS (consolidated)	55	-2,893	-126	710	1,236
Adjusted EPS**	359	-2,655	-115	651	1,134
BVPS	29,410	37,162	33,286	33,937	35,071
DPS (common)	242	0	0	0	0
Valuations (x)					
P/E***	968.7	n/a	n/a	300.9	172.8
P/B***	11.8	3.7	5.6	5.8	5.6
EV/EBITDA	177.5	77.6	62.4	49.9	43.2
Ratios (%)					
ROE	1.2	-8.0	-0.3	1.9	3.3
ROA	0.1	-3.2	-0.1	0.7	1.1
ROIC	-0.3	0.0	1.0	1.9	2.5
Payout ratio	67.4	0.0	0.0	0.0	0.0
Dividend yield (common)	0.1	0.0	0.0	0.0	0.0
Net debt to equity	104.0	90.0	124.1	135.8	136.4
Interest coverage (x)	0.7	0.0	0.8	1.4	1.9

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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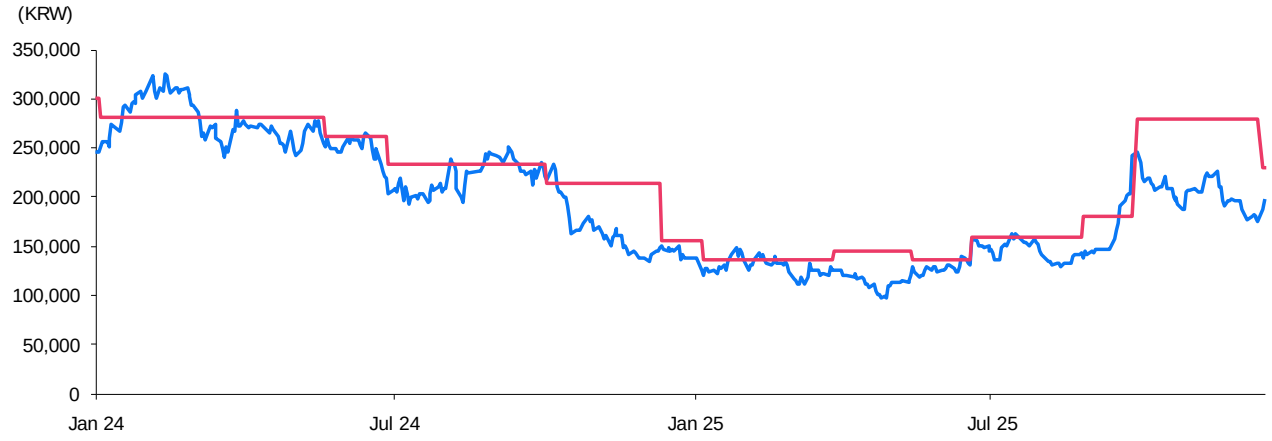
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/3	2/1	6/18	7/26	10/31	2025/1/9	2/4	4/25	6/12	6/19	7/18	9/24
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY
Target price (KRW)	300488	281101	261715	232636	213249	155090	135704	145397	135704	135704	160000	180000
Gap* (average)	-6.09	-0.90	-4.96	-5.42	-21.06	-8.54	-4.86	-22.52	-11.07	-4.71	-9.28	-3.74
(max or min)**	-19.03	15.86	1.11	7.71	-37.32	-2.62	9.29	-13.20	-9.21	2.43	2.00	34.44

Date	10/27	2026/1/12
Recommendation	BUY	BUY
Target price (KRW)	280000	230000
Gap* (average)	-26.75	
(max or min)**	-13.93	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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Percentage of ratings in 12 months prior to 2025.12.31

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